

**STATE OF WEST VIRGINIA
WEST VIRGINIA SECURITIES COMMISSION
BEFORE THE SECURITIES COMMISSIONER
CHARLESTON, WV 25305**

ORDER NO.07-1339

**ORDER PROMULGATING ADOPTION OF EXEMPTIONS FOR
INVESTMENT GRADE SECURITIES AND FOREIGN
SECURITIES THAT ARE DEEMED MARGINABLE UNDER THE
BOARD OF GOVERNORS OF THE FEDERAL
RESERVE SYSTEM**

Pursuant to the authority granted to him by Chapter 32 of the West Virginia Code, 1931 as amended ("the West Virginia Uniform Securities Act", hereinafter referred to as the "Act"), and particularly Chapter 32, Article 4, Section 412 of the Act, the Commissioner of Securities (the "Commissioner") is of the opinion and finds as follows:

FINDINGS OF FACT

1. Securities Industry and Financial Markets Association ("SIFMA") and the American Bar Association ("ABA") requested consideration of certain Uniform Security Market Trading Exemptions ("USMTE"). The North American Securities Administrators Association ("NASAA") has endorsed the Uniform Securities Act of 2002 which includes USMTE and has been adopted by twenty (20) states.
2. The Commissioner has reviewed the provisions of USMTE to determine if he should adopt comparable exemptions from securities registration under the authority of Section 412 of the West Virginia Securities Act (the "Act").
3. This Order is necessary and appropriate in the public interest, for the protection of investors and to achieve maximum uniformity.

CONCLUSIONS OF LAW

1. Chapter 32, Article 4, Section 412 (a) of the Act provides that the Commissioner may, from time to time, make orders as necessary to carry out the provisions of the Act.
2. This Order is consistent with the purposes fairly intended by the policies and provisions of the Act as required in Chapter 32, Article 4, Section 412 of the Act.
3. The Act's exemption provisions, specifically Chapter 32, Article 4, Section 412, are sufficiently broad to allow the Commissioner flexibility to adopt procedures for implementation of the Uniform Security Market Trading Exemptions ("USMTE").

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. Pursuant to Section 412 of the Act transactions meeting the following conditions will be exempted from Sections 301 and 403 of the Act:

(A) a non issuer transaction by or through a broker-dealer registered or exempt from registration under the Act in a security that:

(a) is rated at the time of the transaction by a nationally recognized statistical rating organization in one (1) of its four (4) highest rating categories; or

(b) has a fixed maturity or a fixed interest or dividend, if:

(i) a default has not occurred during the current fiscal year or within the three (3) previous years or during the existence of the issuer and any predecessor if less than (3) fiscal years, in the payment of principal, interest, or dividends on the security; and

(ii) the issuer is engaged in business, is not in the organizational stage or in bankruptcy or receivership, and is not and has not been within the previous twelve (12) months a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in

a merger or combination of the business with, or an acquisition of, an unidentified person;

(B) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under the Act in a security of a foreign issuer that is a margin security defined in regulations or rules adopted by the Board of Governors of the Federal Reserve System.

2. This Order shall remain in effect until modified or vacated by the Commissioner.

Entered this 9th day of September, 2007.

Glen B. Gainer, III
State Auditor
Commissioner of Securities

By: Lisa A. Hopkins
General Counsel
Senior Deputy Commissioner of Securities